



Per our procedures, Investment Planners, Inc. (“IPI”) currently allows Envestnet, eMoney and MoneyGuidePro (“third-party providers”) for advisors to utilize with clients as Consolidated Account Statements (“CAS”). In April 2010 FINRA published Notice-To-Members #10-19, which describes the expectations FINRA has for the supervision of CAS. The need for this publication was driven after several high profile examples of rogue brokers (non-IPI advisors) falsified client positions on self-created statements and fraudulently stole client assets. Move forward 6 years, FINRA still believes the problem may be widespread with CAS reports that are inaccurate, confusing or misleading, and still possibly used for fraudulent or unethical conduct. FINRA expects member firms to have rigorous supervisory oversight in this area.

We recognize after many discussions with our advisors, as well as recent feedback from FINRA during our firm exam, we have an opportunity to improve our oversight in this area.

NEW PROCEDURES – Beginning **10/01/2016**, the following standards and submission process will be effective: The review and collection point for CAS will now be Docupace and for those not on Docupace you are to email them to compliance@investment-planners.com. In Docupace, you will upload each CAS that is intended to be used with a client under Correspondence Review. Intended to be used with a client includes hand delivery, emailing or mailing a report. The upload to Docupace or email will trigger a review similar to the review you would receive when submitting retail communications (advertising). This submission process satisfies FINRA’s oversight requirement.

There are several key definitions, examples, and best practices:

- 1) **DEFINITION OF A CONSOLIDATED ACCOUNT STATEMENT:** This new policy applies to any report, spreadsheet or typed information on letterhead that summarizes (or restates) a client’s security position, account value or performance. It is important to note that scratch pads, handwritten notes, and other less organized valuations used (or intended to be used) with a client are not considered a Consolidated Account Statement.
- 2) **REPRESENTATIVE USE VS. CLIENT USE:** This policy does not apply to “Representative Use Only” reports. It is not necessary to submit CAS that you produce solely for your own use and analysis. If the maintained report is never used with or distributed to the client, you should clearly mark it, “Not For Client Use”.
- 3) **ELECTRONIC FEED REPORTS VS. MANUAL ENTRIES:** For those of you who utilize CAS with your clients generated solely from third-party providers who receive electronic feeds directly from the custodian(s), with no manual entries made by you; you are now required to upload the report within 30 days of use with the client to either Docupace/email it to Compliance. We encourage you to use these types of “electronic feed only” reports from the third-party providers, based on the due diligence we have conducted. These partners provide us the ability to insert standard disclosure language that satisfies FINRA’s requirements (see item # 8 below).

For those of you who utilize CAS with your clients that do contain manual entries entered by you (note: this does not apply to entries made directly by the client) you must now upload the CAS (including the back-up documentation that verifies the figure of the manual entry made by you) to Docupace/email it to Compliance within 48 hours of use with the client. Examples of backup documentation that must also include the company’s logo: the cover page from a recent statement; a screenshot from a provider website; etc.

- 4) **ENTRIES MADE BY CLIENTS AND CLIENT VIEW PORTALS:** Once again, these policies only apply to reports you generate and are either distributed by you to your clients or used with your clients during face-to-face meetings. These reports would be subject to the 30 day submission process described in item # 3 above (the 48 hour submission requirement is not mandated, because the manual entry was made by the client).



The back-up documentation is unnecessary to obtain and submit. However, you will be required to note on the report that the entry was made by the client next to the asset's description and the date on the statement. Ex: XYZ Employee Stock Plan – Client Manual Entry As Of ____ (insert date). It is a best practice to maintain back-up documentation for these entries. Clients that have an on-line view to their reports will need to have the report and back-up documentation submitted within 48 hours if the report contains a manual entry made by you. Any manual entry that you make for a client would be noted in the asset's description and the date of the statement. Ex: XYZ Employee Stock Plan – Advisor Manual Entry As Of ____ (insert date).

5) **ADVISORY AND/OR INSURANCE BUSINESS ONLY**: If you create a CAS that has only fixed insurance products or is a report that is for use with your client as part of their Financial Planning engagement of you through IPI Wealth, there is no need to submit the report or the back-up documentation to Compliance. A separate Advisory Agreement specifically for Financial Planning must be on file. Once again, it is a best practice to maintain these reports and supporting documents.

6) **MANUAL ENTRY PROHIBITIVE CONDUCT**: We will only allow manual entries for a security that you can easily obtain a fair market valuation on and provide recent back-up documentation to reconcile the value entered (ex: outside brokerage account, client's 401k, etc.). Variable Insurance must be entered as current contract value; you cannot choose to display only a rider benefit base. Values for other assets such as: real estate, collectibles, antiques, coins, automobiles, bank accounts, etc. must be provided by the client and identified as such on the report.

7) **ASSET NAMING CONVENTION**: Each manual entry is required to follow a specific naming convention that is to include the name of the asset and the date corresponding to the date of the valuation (not the date the entry was made). This asset value and date should match that of the documentation used for the purpose of valuation. The critical reason for such naming convention is to ensure a client is aware of the date of the valuation relating to the specific asset(s). Often new reports may be created and manual entries are not always updated which can lead to confusion regarding the actual market value as of today.

8) **DISCLOSURES**: A standard disclosure must prominently state several important facts: a) This Consolidated Account Statement is for informational purposes only and does not replace the official statement generated by the custodian of the client's assets; b) This report should not be used for tax reporting purposes; c) The information on this report has not been verified as accurate by IPI and IPI encourages clients to independently verify the information using their original source documents; d) Some accounts or assets appearing on this report may not be serviced through IPI and therefore these "assets held away" are not included in IPI's SIPC coverage. Clients should refer directly to the "assets held away" custodian for information regarding their specific available SIPC coverage. Furthermore, IPI and your representative may not have the licensing and/or expertise necessary to advise you on these "assets held away."

9) **BEST PRACTICES**: The report should be designed to clearly delineate, which assets are considered broker/dealer assets held under your IPI Rep code and which are not under your rep code and are thus considered, "assets held away." The report should identify where the information was pulled from and the contact information of each custodian should be provided so the client may contact the custodian directly to verify the information on their own as recommended. If the asset value is unverified, this needs to be disclosed in the description and excluded from any report.

We anticipate many questions on this subject and are prepared to have an adjustment period while we work with you to educate and provide clear guidance on this important subject. Please do not hesitate to contact Compliance with questions.



CONSOLIDATED ACCOUNT STATEMENT ATTESTATION

I have read and understand IPI's Consolidated Account Statement ("CAS") policies and procedures as outlined above. I acknowledge that I will follow the procedures above for any CAS that I create on my own or through a third-party provider with a client. If I use either eMoney and/or MoneyGuidePro, I will conduct a review of the accounts established on the provider's site and will exclude from reporting any assets held away in which I am unable to document the asset's value. Documentation of the asset's value will be uploaded to Docupance and/or emailed to Compliance.

I currently use the following third-party provider's CAS or I create a CAS for my clients (mark any that apply):

_____ Envestnet

_____ eMoney

_____ MoneyGuidePro

_____ Other third-party provider, please list name of vendor: _____

_____ I create my own CAS in the form of a spreadsheet or Word document.

_____ I currently do not provide consolidated account statements to any of my clients. If I decide to change this process in the future and provide a CAS to a client(s), I will notify Compliance and follow these or any amended procedures in the future.

If I have questions on these procedures, I will contact Compliance to discuss. Please keep a copy for your permanent records. Please return your signed Attestation to compliance@investment-planners.com

Print Name

Signature

Date